



ECONOMIC DEVELOPMENT INCENTIVE POLICY



Incentive Policy

An Economic Development Incentive Policy to encourage and support **industrial development** including **new and expanding industries** in Buncombe County

- ❖ Broaden & diversify the development of new businesses and industries
- ❖ Support the expansion of existing businesses and industries that create job opportunities
- ❖ Promote economic growth and welfare
- ❖ Compliment existing local and state incentives



Approval Process

1	An out-of-state or existing company contacts the Economic Development Coalition at the Asheville Chamber of Commerce
2	The Chamber reviews state and local funding opportunities with the company
3	The Chamber presents County staff with the proposed investment numbers, wage amounts, and number of jobs in writing
4	Staff calculates the potential investment based on the policy formula and the Finance Department verifies the numbers
5	The project proposal is presented to the Board of Commissioners in a closed session
6	If approved, the County sends EDC a proposed incentive letter for the company
7	A legal contract is created laying out the terms of the incentive





Payment Process

- | | |
|---|--|
| 1 | Prior to any payment, the Tax Department verifies the actual amount of the company's investment, staff verifies the number of jobs created and wage amounts, and the contract obligations are reviewed by the County's legal staff |
| 2 | Once deliverables are met, a public hearing is held with the Board of Commissioners |
| 3 | Incentive payments are made to the company based on the payment terms |





Requirements

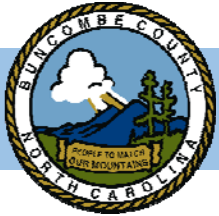
Incentives based on the schedule:

Initial Investment Between		Maximum Economic Dev. Incentive %	Eligible # Yrs.	Building and Equipment Incentive Portion	Job Incentive Portion
\$ 1,500,000	\$3,999,999	75%	3	50%	Based on Wage Value
\$ 4,000,000	\$5,999,999	75%	4	50%	
\$ 6,000,000	\$9,999,999	85%	4	50%	
\$10,000,000	Up	85%	5	50%	



Requirements

- ❖ All jobs created must pay at or above 100% of BC's average wage rate.
 - ❖ Incentive is increased as the wage sufficiency increases.
 - ❖ Jobs must be retained/filled at the average wage rate for 3+ years past the incentive term.
-
- *Jobs that pay less than average, but which reach the average rate within 4 years of the incentive are eligible for a reduced incentive.*



Requirements

Average Wage Value Table determines the incentive amount for jobs created and wage rates

Hourly Wage Rate Between		Value of Incentive per Job
Jobs created that do not initially pay at or above 100% of the average wage rate but which reach the average wage rate within four (4) years of the date of the incentive contract		\$250
\$20.93	\$26.92	\$500
\$26.93	\$32.92	\$750
\$32.93	\$38.92	\$1,000
\$38.93	\$44.92	\$1,250
\$44.93	\$50.92	\$1,500
\$50.93	\$56.92	\$1,750
\$56.93	\$62.92	\$2,000
\$62.93	\$68.92	\$2,250
\$68.93	\$74.92	\$2,500
\$74.93	Or More	\$2,750



Requirements

Additional requirements have been added to clarify the Incentive Policy, including that the company must:

- provide a schedule for investment and job creation
- Have a written policy on workplace diversity
- Have a written policy on sustainable business practices



Bonuses

Additional bonuses for:

- ❖ Headquarters that create administrative, professional level jobs
- ❖ Companies that pay at least 50% of the employee's child care costs
- ❖ Jobs that pay a certain range and are filled by employees in these programs:
 - NCWorks Apprenticeship Program
 - BC STEP Program benefit recipients
 - Employees hired who were low-level, non-violent offenders



Policy Update

SCENARIO: Company X creates 300 Jobs and Invests \$6 Million
(*\$3 million for the Building; \$3 million Machinery and Equipment*):

- 100 jobs pay \$16/hr
- 150 jobs pay \$28/hr
- 50 jobs pay \$60/hr

Old Investment Policy:

\$368,323 Incentive

Updated Investment Policy:

\$255,823 Incentive



Policy Update

SCENARIO: Company X creates 300 Jobs and Invests \$6 Million

(\$3 million for the Building; \$3 million Machinery and Equipment):

- 100 jobs pay \$16/hr
- 150 jobs pay \$28/hr
- 50 jobs pay \$60/hr

PLUS

- 10 of the 100 jobs pay \$21/hr
- 6 low level, non-violent offenders hired
- 50% of child care costs covered for 25 jobs

Updated Investment Policy:

\$255,823 Incentive

With Additional Investments

\$286,323 Incentive



Budget Recommendation

Amend Economic Development Incentive Budget as follows:

- Reduce by \$1,474,732 for uncommitted incentive funds
- Redirect \$200,000 to small business development & \$250,000 to pre-k
- Keep \$3,038,853 in commitments to 7 active projects

BUDGET IMPACT			
ITEM	CURRENT BUDGET	BUDGET AMENDMENT	NEW BUDGET
General Fund	\$ 331,839,367	\$ (1,474,732)	\$ 330,364,635
Fund Balance	15,692,233	(1,474,732)	14,217,501
Economic Development	5,321,985	(1,724,732)	3,596,653
Pre-K	220,070	250,000	470,070

Present future incentive requests along with their budgetary implications to the Board of Commissioners for consideration



Budget Recommendation

Current Economic Development Incentives budget	\$4,963,585
Committed to 7 active projects	\$3,038,853
Small business loans	\$200,000
Pre-K innovation	\$250,000
Budget Reduction	\$1,474,732

Present future incentive requests along with their budgetary implications to the Board of Commissioners for consideration



Small Business Development

- Strategy to increase economic equity
- Assist small businesses gain access to capital, with an emphasis on minority and historically disadvantaged business
- Potential model:
Partner with the Mountain Community Capital Fund, a local public-private partnership between City of Asheville, Carolina Small Business Development Fund, Mountain BizWorks & Self Help Credit Union





Pre-K

- Strategy to increase workforce access and educational outcomes
- Support emerging efforts and creative partnerships with start-up or first time operating funding
- Potential models:
 - Teacher recruitment incentives
 - Workforce pipelines such as student loan forgiveness or apprenticeships
 - New classroom supplies or materials

